

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 612 - SB 830

March 1, 2015

SUMMARY OF BILL: Authorizes Rhea County to elect Tennessee River Resort District (TRRD) status, by July 1, 2016, for sales tax purposes only and not for purposes of on-premises consumption of alcoholic beverages.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$627,200

Increase Local Revenue – \$627,200/Permissive

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A) and 67-6-103(p), incorporated municipalities receive 4.603 percent of state sales tax revenue derived from the 5.5 percent sales tax rate. Each municipality's share is based on the ratio of the municipality's population relative to the aggregate population of all incorporated municipalities.
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(F)(i), any county or municipality electing TRRD status will receive 4.603 percent of state sales tax revenue derived from the 5.5 percent sales tax rate actually collected within and remitted from the respective county or municipality.
- Counties do not receive an allocation of state sales tax revenue pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A). Therefore, any county that elects TRRD status is expected to realize an increase in revenue. As a result, it is anticipated that Rhea County will elect TRRD status pursuant to the proposed legislation.
- It is further assumed that municipalities of Dayton, Graysville, and Spring City will also elect TRRD status as they are estimated to realize an increase in revenue compared to the current population-based allocation.
- Based on analysis of sales tax collections from Rhea County and the impacted municipalities, the recurring decrease in state revenue and the equivalent permissive and recurring increase in local government revenue is estimated to be \$627,216.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly legible.

Jeffrey L. Spalding, Executive Director

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